THE REPORT OF THE SPECIAL ADVISOR

TO THE MINISTER OF MUNICIPAL AFFAIRS

ON THE TORONTO ISLANDS

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INTRODUCTION

On March 13, 1991, the Honourable Dave Cooke, Minister of Municipal Affairs awarded me 60 days in which to advise the provincial government as to **"the fairest way to ensure the preservation of a residential community on the Toronto Islands".**

Punctual as ever, I present this report in the hope that it will enable the government to do just that.

I have tried to keep this report as short as possible, in spite of the 35 years of complication which have flowed from the 1956 legislation transferring the **"Island"** to Metro's jurisdiction for parkland development.

It may be difficult for readers to understand all the reasons for the present controversy and the nature of my recommendations without a familiarity with that fascinating history. **"Pressure Island"**, Barry Swadron, Q.C.'s 1981 report or Sally Gibson's **"More Than An Island"**, have documented very completely the backdrop to this report. Rather than repeating their accounts, I simply commend them to you as reference material.

The report presents an interdependent package as its proposed solution. There is no point, therefore, in separating out a list of recommendations from which the provincial government should pick and choose. While much work is needed to refine the ideas roughed out in this report, support for the plan on the Island and at local government could easily fall apart if some of its off-setting components are removed. However, for a thumbnail sketch of the major elements of the package turn to **"Securing the Toronto Island Community - A Synopsis.**

In a longer report I would have indulged myself with descriptions of the idiosyncratic nature of this colourful community which surely underlies the affection and disgust with which its supporters and detractors have held it over the decades.

My invaluable assistant, Diana Scott, and I enjoyed the challenge and hope that our efforts may result in a happy conclusion to the Island communities' fight for survival.

Richard F. Johnston

ISLAND FACTS

Gross Island area 825 acres approximately (with airport)
612 acres (without the airport)

Present community area: 33 acres
Proposed community area: 36 acres (5% of Island area)

250 homes are occupied with a population of 650

According to the 1986 census
20.5% of households are low income vs. 13.1% for Metro-wide.
16% of households are single parent vs. 12.7% for Metro-wide.

According to the 1991 Island survey of residents:

22.1% have household income of under $20,000
70. % have under $50,000
14.4% have over $70,000
17.7% are single parents
54 of 250 houses are owned by retirees
65 % have lived on the Island for 15 years or more
22.5% have lived on the Island for 34 years or more

CHRONOLOGY

1867	Cottage development begins.
1888	City of Toronto establishes 200 acre park.
1913	Tent City established on Ward's Island.
1930s	Airport built.
1937	Hanlan's Point cottages floated to Algonquin Island.
1956	Metro receives Island.
1957	400 homes demolished on Centre Island.
1968	First homes demolished without compensation.
1974	Metro terminates leases. One year to vacate.
1980	Sheriff arrives but does not serve eviction notices.
	Barry Swadron Commission Established.
1981	Swadron Report Tabled and Bill 191 passed.

UNDERLYING ASSUMPTIONS

In developing these recommendations to the Minister of Municipal Affairs on this long-standing controversy about the Toronto Island community, I began with a number of assumptions:

a) The community should stay for the long-term. All existing residents, whether low, moderate or high income should be enabled to remain.

b) The land must stay in public ownership.

c) The ownership of the existing houses should revert to the Islanders.

d) Housing on this public land should not be used or exchanged for individual profit, thereby limiting the concept of home ownership.

e) A reasonable balance between the control of individual profits and the cost of residency must be established.

f) No solution should be at the expense of the Metro taxpayer; the Island community should be as self-sustaining as any other neighbourhood.

g) Ward's Island should continue to be a gateway to the Island park.

Initially, I also hoped that any solution proposed would be built on a consensus between at least one of the municipal governments and the Islanders. It soon became clear that this would not be possible.

a) The bad blood between Metro and the Islanders, developed over decades of confrontation and antagonism, made face-to - face meetings impossible. Even at the opening press conference, Islanders were virulently hostile to meeting with Metro, whose Chairman had just compared them to "terrorists".

b) The executive of the Toronto Island Residents' Association (TIRA) was cynical and sceptical about negotiating with the City of Toronto. When I raised the matter, they reluctantly agreed, feeling betrayed by City Council after it rejected the so-called Perlin-West Agreement negotiated by the Islanders and City staff last summer (1990). In addition, they had invested so much effort in developing that approach that some executive members considered it their "bottom line".

c) Following a City Council decision on January 15, 1991, City staff produced a draft lease and recommended to Council that discussions with the Islanders recommence. Knowing my preference for building on that process, City staff recommended that Council consult with me as well. In all my private interviews with Councillors, I emphasized a preference for this approach.

However, Council, as is their right, decided (without consulting the Islanders), to establish leases based on market value rents and voted against a motion to consult with the Minister's advisor.

e) Metro Councillors however, did agree to consult with me through the Chairman. Their motion indicated preferred support for the status quo and as a fall-back position, acceptance for an earlier proposal put forward by the Chairman that Council had rejected. The Islanders had also rejected the proposal, believing it spelled the end of the community through attrition.

I determined to find a new approach in the hope that it might meet with separate approval by the parties.

THE PROCESS

Confidential consultations with individual Metro and City Councillors began the day after my appointment so that I could gage the flexibility of Councillors' views on the Island community.

Metro Chairman Alan Tonks and I met several times for very cordial and helpful discussions. Because of Mayor Art Eggleton's busy schedule, I did not get a chance to meet him personally until City Council voted not to meet with me, which limited our conversation. He did wish to consult but felt he had to wait for my response to the City's new market value lease proposal. The draft lease did not arrive in my office until April 29, 1991. City Council did not respond to my subsequent correspondence prior to the deadline for my report.

Meetings with TIRA began almost at once and were very positive. Although they officially represented community opinion, the executive also enabled me to meet sub groups of the community, such as single mothers, seniors, tenants, community centre boards, parents and teachers from the Island school and parents of the Montessori school.

TIRA sponsored two general meetings in which I fielded questions and two open houses where I met less formally with residents. Block meetings were organized in my absence by the executive to discuss any proposed recommendations in small group sessions (20 to 25 people at each). All in all, most Islanders attended one or more of these meetings. Many others phoned me at my office to discuss their particular circumstances or to share private opinions.

The executive kindly permitted members of the long dormant housing co-op group to attend many of our meetings and I also met them independently of the executive. They planted the idea of an Island Trust in my mind.

The Toronto Island Home-Owners Association (TIHA) represents a small group of non-residents who claim ownership of their houses and wish them returned in any proffered solution. David Hustler was instrumental in assisting me to meet with and communicate with these individuals.

In addition, I had fruitful meetings with Joanne Campbell, General Manager of the Metropolitan Toronto Housing Company Limited, John Sewell, former Mayor of Toronto, Barry Swadron, Q.C., and The Honourable David Crombie, P.C., former Mayor of Toronto and Commissioner of the Royal Commission on the Future of the Toronto Waterfront.

Discussions with Dan Burns, City of Toronto Housing Commissioner, Donald R. Richmond, Commissioner,of the Metropolitan Community Services Department and Ray Biggart, Deputy Commissioner of Operations, Parks and Property Department for Toronto, and Dr. Linda Grayson, Associate Director of Education were also of great assistance.

Senior staff of both the Ministry of Housing and the Ministry of Municipal Affairs were very accessible and helpful, in particular, David Carson a solicitor in the Legal Branch of the Ministry of Municipal Affairs, and Nancy Bardecki, Director of the Municipal Finance Branch. Brian Miron, an economist in the Grants Policy and Finance Analysis department provided countless tables of cost projections and formulae that were indispensable.

On the whole, it was only the 60-day limitation of my mandate and the Toronto City Council's decision not to sanction ongoing consultation that limited the effectiveness of the process. On the other hand, I am convinced that a little more time would not have produced a diametrically different report.

SECURING THE TORONTO ISLAND COMMUNITY - A Synopsis

The community stays and is expanded by a few acres and up to 100 new residential units to permit a projected population total of approximately 900 in up to 350 homes.

Metro remains the landlord, but legislation provides for a land trust controlled by the community (but with government representation) that will be given stewardship over the lands by a 99-year lease.

The 99-year lease dates from 1991 and costs an average of $34,000 per lot.

Within the land trust stewardship, two kinds of home ownership will apply: co-operative and private non-profit (or guaranteed equity). Ownership will be established by documentation and disputes resolved by an arbitrator.

The right to sell a home without constraint is ceded by the individual owners to the land trust in exchange for the low capitalized lease and a guaranteed equity formula that kicks in at sale. The land trust will sell the house according to the formula and pay the owners. Owners will be able to bequeath their homes to their heirs.

Low income senior citizens who owned their homes before 1975, will be given a discounted lease. Metro will receive the difference in 1991 dollars at the sale of the house.

The City of Toronto is paid back all the money it paid Metro in rent for the period 1981 to 1991. The City will receive payment (possibly as a surcharge to the water bills) for 50% of the costs of sewer and water installation amortized over 15 years.

Metro will begin receiving immediately, the land rents for the existing properties and the land rent for the 70 (approximately) new co-op units as they are developed. Metro will also receive a lot development fee of $10,000 per unit for the 20 to 30 infill houses the land trust develops and a lease re-sale levy as homes are sold.

During a parallel lease period, Metro will also receive from the Province of Ontario, a package of land similar in value or size on the mainland shore, to be used as part of the greenway proposed by the Royal Commission on the Future of the Toronto Waterfront. Possible sites such as the Lakeshore Hospital and East Bay - Front areas will be negotiated once the principle of replacing the lost parkland is accepted.

The Province of Ontario will announce that no new sales of homes can take place until the land trust is functioning, unless they are sanctioned by the Minister of Municipal Affairs.

Implicit in supporting the proposed solution is provincial funding for between 80 to 150 co-op units in 1992. Application has already been submitted by Island co-op members for up to 180 units.

The Province of Ontario will guarantee mortgages for this initial group of owners, but because of the re-sale formula the province will not bear the actual financial cost of defaults.

The Cabinet will provide up to $40,000 for legal costs tc develop the land trust corporate papers during the summer months as legislation is developed, and up to $16,000 for an independent advisor to Islanders as they opt for one of the two housing alternatives.

The existing community club houses will become the property of the land trust as will the old fire hall, and the park superintendent's home which has been standing empty. The Summer Centre for Seniors could either remain in Metro's control or be ceded to the land trust with guarantees, after negotiation.

The Queen City Yacht Club's status will be unaffected. The Sea Hawks Boys' Club should continue to operate on Algonquin island but might be moved to a new location depending on infill decisions of the land trust.

THE COMPONENTS OF THE DEAL

METRO AS LANDLORD

From the outset, there were two principle factors against Metro remaining landlord of the Island community. First and foremost, the acutely hostile landlord - tenant relationship of the past 35 years made it virtually impossible to see them involved in an amicable settlement. Second, the legislation of 1956, specifically indicates that if the lands are not used for park space, they should be returned to the City of Toronto, which was granted the Island in 1862.

However, a number of factors changed my initial presumption of recommending that the Island revert to the City.

a) The idea of a land trust meant that the community would be better able to protect itself from any hostile landlord, whether it is the City, Metro or the Province.

b) Chairman Tonks' plan was much closer in philosophy to my evolving approach than was the City's market-based position.

c) I was able to officially discuss the problems and solutions with Metro and could not with the City.

d) Unlike the 1950s, when Metro was in its infancy, today Metro has a major housing role and its Metro Toronto Housing Company Ltd. with 18,500 units under its management,has an enviable reputation as a good landlord. If the corporation becomes the primary agency involved with the land trust", things might work out very well.

e) Metro Toronto Housing Company Ltd. has been working on a guaranteed equity housing plan that is very close philosophically to the proposed model.

f) Since the community will continue to be a gateway to the park, an ongoing relationship with Metro through the Parks Commissioner is inevitable (e.g. ferry issues). A solution that involves Metro politically might lead to a new working relationship with Islanders, whereas shutting Metro out might exacerbate an already difficult situation.

With no word from the City as of May 10, as to whether or not they would meet with me, I decided that the balance fell in Metro's favour.

However, my advice to the Minister of Municipal Affairs is to judge the appropriateness of Metro as landlord by its actions. If Metro truly supports the direction of this report, then it will promptly begin to:

i) withdraw all legal actions regarding building permit violations and the status of the Algonquin Island Club House;

ii) initiate discussions with the school board about rebuilding the Toronto Island School as soon as possible;

iii) facilitate the approval of building permits designed to bring homes up to standard;

iv) take steps to liberalize the vehicle permit process for the ferries.

It is not difficult to adjust the terms of this solution to make the City of Toronto the landlord if the Minister of Municipal Affairs feels it would be preferable. However, given Metro's recent change of attitude, it makes a more logical landlord than does the City.

NON-PROFIT OPTION

I spent a great deal of time debating the question of whether or not the model should be entirely non-profit, entirely market or a mix of options. The following form the rationale for a 100% non profit approach

1. Public land used for housing should be used for affordable housing to meet demand and to offset the upward pressure on real estate values. Non-profit is the best investment for government to meet these goals.

2, If individuals are to be permitted to profit on the value of public land, the public purse must benefit proportionately.

3. The Island community has fought for 30 years to remain intact, not for benefit from the sale of their houses.

4. Most of the existing community could not afford to stay if rent approached a free market level. (Up to $1,700 per month under the City plan.)

5. Until recently, there has been little or no market pressure on Island homes since the 1956 decision. Most people paid comparatively low prices for their Island homes. A link to market rates could give them a comparative windfall.

6. Future access to Island housing should not be restricted to the wealthy and the Island should certainly not become summer residences for them. A move to market rates, given the value of "location" in that system, would almost guarantee this eventuality

THE "LAND TRUST"

The land trust is a crucial component of this package. By placing the stewardship of the community in its own hands, the provincial government will be providing it, by statute, the means to protect itself from potential harassment. Given the history of the Island, it seems the best way to get Islander support for an agreement.

Secondly, the land trust is the essential mechanism for controlling re-sale prices and guaranteeing a non-profit nature to this housing by intervening between buyer and seller. A co-operative could do the same thing but the battle for recognition of their individual home ownership rights made that option unpalatable to many Islanders.

Thirdly, the land trust promotes the idea of community responsibility for and stewardship of the public resource on which the structures stand. As such, it provides an interesting model for developing housing on public land.

LAND TRUST - What is it ?

It is a non-profit corporation composed of a majority of Islanders who are elected by the community and a voting minority of representatives of Metro Council, the province, the City, and the community at large, (e.g. Metro Social Planning Council, Harbour Commission, and Toronto Board of Health).

It would be responsible for paying land leases for community homes and structures directly to Metro or through the Metro Toronto Housing Corporation.

It would be responsible for the sale of homes by appraising the value of the structure at the time of sale; maintaining a list or lists of potential buyers; accepting the payment from the buyer; and transferring the money to the seller.

It would develop the infill and co-op housing in ways that suit the community and transfer the land lease revenues from the development to Metro according to a plan outlined in another section of the report.

It would have the right to raise certain funds by levy to off-set its administrative costs, by development of a limited number of infill houses, and by an administrative fee at the time of a sale.

It would have the authority to develop a range of services, including mortgage assistance to owners, commercial and co-operative ventures, such as a small food store, as well as recreational and support services to community members.

By agreement with Metro, the City and the Toronto Harbour Commission, the land trust could take responsibility for property maintenance of certain common areas within the community's boundaries. It might, for example, wish to take stewardship over certain environmentally sensitive areas already identified on Ward's and Algonquin Islands while the City or Metro would take responsibility for the Ward's Island beach or the playing fields, as they would in more traditional communities or have done on the Island in the past.

These functions would need to be incorporated in its corporate charters during the summer months of 1991. Provincial funding of up to $40,000 should be made available to assist the community in developing the charter in concert with provincial, municipal and City staff. Ideally, the charter, or portions of it, might be appended as a schedule to the legislation required this autumn. The charter might even be amendable by regulation.

Clear lines of accountability need to be laid down with minimal requirements for public economic statements, annual elections and generally open meetings. A provincial right to take over the responsibilities of the land trust is needed should a flagrant abrogation of its legislated responsibilities takes place.

The Island community is ideally suited to take on the stewardship responsibilities of a land trust. Residents have traditions of working together on projects, such as tree planting, beach clean-up, community composting, rebuilding the burned-out Algonquin Island Club House, establishing a parenting centre at the Island school, providing support to the elderly and infirm, developing their own theatre company, Shadowland and running "dream auctions" to fund student travel exchanges.

What is particularly exciting to me about the land trust concept is that the local neighbourhood community can take back responsibility for its own needs from governments that are having more and more difficulty servicing their citizens. Although there is a fear in some quarters that consolidating the community will increase the cost of services to the Island, residents could establish precedents of community self reliance that could actually reduce demands. For example, one group already wishes to assume responsibility for reducing Island garbage generation to as close to zero as possible.

CO-OP HOUSING

An Island co-op housing group was established in 1977 but has been dormant since the 1981 legislation.

Even with the low lease cost of this proposal, many Islanders are too poor to afford the average $34,000 lease plus the costs of renovating homes, which are well below acceptable by-law standards. Besides the other general assets of co-op housing, its financing formulae ensure that even the poorest person, owner or tenant presently on the Island will be able to stay. According to a recent survey, 30 Island homes report household incomes of under $15,000 per year.

A low income owner of a run-down residence can sell the house to the co-op and gain some capital for the structure as shelter, even if it needed to be torn down and rebuilt. The person would then bank this lump sum, (e.g. $15,000 to $40,000) and become a member of the co-op at a rent, geared to his or her income, including income generated by the deposit. In return, the co-op will renovate the home to standard and provide security of tenure to the member and, by special by-law, to his or her heir in keeping with land trust arrangements with the individual home owners.

A tenant who becomes displaced by a returning owner would be able to move into one of the 70 or so new co-op buildings to be constructed at a rent geared to income. (Other tenant issues will be raised later.)

The new co-op housing would be built in the area between the fire hall and a line in the existing park extending from Wyandot Avenue on Algonquin island. The area to be taken from the park is about two or three acres and is currently used by frisbee golf, which could easily be moved back closer to Centre Island proper. (See attached map,)

Bracing myself for the inevitable land grab attack, I would offer the following points:

a) The area is highly under utilized,

b) The mainland land compensation would take into account the value and size of this land,

c) In order to pay Metro adequately for the use of the land, while keeping the lease as low as possible, developing co-op housing in this area seems to be the most economical approach ($2,800,000 is the estimated revenue for Metro.)

d) More housing makes the community more viable in terms of the school or for staffing the various committees of the land trust.

e) It is the only way to ensure tenants the capacity to stay on the Island. Tenants are mostly lower income, but often have substantial seniority of tenure on the Island.

f) New housing is the way to provide some mainlanders an Island living experience at affordable cost.

OTHER HOUSING INFILL

The land trust will be given 20 to 30 infill lots to develop. It would pay $10,000 to Metro per lot and retain upwards of $40,000 per lot to finance its stewardship responsibilities. These lots are all in areas currently recognized as part of the Island community.(See map.)

If it develops 20 lots (a more likely figure than 30), the land trust would have up to $800,000 to assist people in carrying their renovation costs, or aiding recent buyers who have paid amounts higher than are likely to be assigned to the homes in a non-profit model. The money could also assist in financing the construction of a small store, offices for the land trust and co-op and a waiting area for the ferry, along with other community projects as they evolve.

THE FINANCES

Metro receives:

Land Leases a) 250 residences	$ 8,550,000.
b) 70 units of new Co-Op housing	$ 2,800,000.
	$11,330.000.
Metro pays back City for rent	$ 7,699,581.
Net gain in 1991	$ 3,630,419.
Later Income	
Land Trust infill - 20 @ $10,000	$ 200,000.
Lease Transfer	$ 4,536,000.
1991 DOLLAR NET GAIN	$ 8,366,419.

PLUS TAX REVENUE ON 340 OR 350 HOMES

City of Toronto Revenues:

Rent paid to Metro	(1992)	$ 7,699,581.
Sewer + water installation - 50% of cost amortized at 10% over 15 years	(1992-2007)	$ 2,024,983.
		$ 9,724,564.

PLUS TAX REVENUE ON 340 - 350 HOMES

THE CITY OF TORONTO

Last year, Chairman Tonks and Mayor Eggleton came quite close to an agreement by which Metro would have assumed control of the Island community. However, it fell apart for financing reasons. The City wished to be made whole for all its lease costs. Metro agreed. When the City asked for 100% of the imputed investment income they would have earned from the money spent, Metro said, "No !"

Although the City of Toronto has paid $7.7 million in lease payments to Metro, it has yet to issue a bill to Islanders. The City has proceeded to increase its payments to Metro reflecting annual rent increases but has never informed residents of the amounts required. Even though **THE LANDLORD AND TENANT ACT** does not apply entirely in this circumstance, and although rent review authority is also in doubt, I would have expected the City to tie its procedures a little more closely to provincial law. I was stunned to learn that the reason the City/Metro deal fell through was the City wanted imputed interest on the rent they would have charged, a presumption of the rejected Perlin-West solution developed last summer. It is totally unacceptable that a tenant be charged on the imputed investment interest on rent that has not only never been billed but has been impossible for tenants to ascertain. I concur with Metro's position on this question.

As for the ferry deficit, residents should not pay for all the reasons I raise in another section of this report. (Please see Ferry Deficit.)

The final matter of cost to the City that is disputable, is the 100% charge to the Islanders for the installation of sewers and water that keeps cropping up in City tally sheets. In his 1985 judgement on a dispute between Metro and the City over lease authority, Gordon Atlin, Q.C. writes that:

> "It seems strange to me that the City proposes to make this one exception to the general rule that the provision of sewers is a municipal responsibility not to be charged to the individual household. It was indicated that where a new subdivision was being installed, the sewer might be charged as a local improvement, but the Island community is a long-standing community."

Although Atlin's finding has merit, the Island has not been a community like all others. Taxes have been paid, it is true, and some quid pro quo should be expected. On the other hand, sewers have never been seen as part of the basic service to this community. (Even when sewers were approved for the rest of the Island in 1977.)

The City has also made other expenditures on behalf of the Island community, and other City residents should not pay an undue burden. Indeed, it would not be healthy for long-term relationships if the City thought of itself as the big loser in this resolution.

Therefore, 50% of the costs of the sewer and water installation should be assumed by the City and 50% by the community as recognition of its somewhat nebulous status. A 20-year period, for payment as would be required under Rent Review legislation for installing or upgrading these kinds of services, should be established starting from the installation in 1986. The payments would be spread out over the next 15 years and be added to individual water bills or collected annually through the land trust if the City prefers. The overall cost is $2,024,583 and each household would be charged $532.36 per annum, if the interest rates are 10%.

Given the reasonable cost of the rest of the package, I hope Islanders will not see this as an undue hardship and that the City will see it for the generous gesture that it is. In future, all sewer installations and hook-ups should be arranged in the normal fashion.

THE LAND LEASE

Because the lots on Algonquin are much larger than those on Ward's, a long-standing assumption has been made that they should have a 3:4 ratio in valuation. Under this plan, the leases would be $30,000 on Ward's and $40,000 on Algonquin.

Metro paid $1 for the entire Island property. In other circumstances in Metro, public land has been turned over for non-profit housing for figures ranging from $1 to $40,000 or for the low end of the market when the municipality had paid more for it. But generally speaking, there has been a recognition of the importance of developing affordable non-profit housing by requiring low or token amounts.

A $1 token amount should be rejected in this case, primarily because the community has and will have a range of incomes and is not entirely socially assisted. Some level of private ownership is also confirmed.

Because of the real costs to the City since 1981 for assisting the community, the existing community should produce enough to exceed these costs and, in combination with lease money from the new housing should provide a reasonable income to Metro.

As a community which will continue to be under serviced relative to others, (e.g. roads, shopping and medical services) and which will be assuming responsibility for recreational and other services generally provided by municipal authority, it deserves a break on the lease amount.

A capitalized lease has, of course, greater value to Metro because it receives the money up front and can invest it for future gain.

THE SALE OF LEASE

Because the lease will be both capitalizing a future of 99 years and paying down the City's costs to Metro for 1981 to 1991, the usual return on sale in 1991 dollars that the lessee would normally expect from a capitalized lease cannot apply. I, therefore, propose a formula that gives the seller a book value. For example, a lease of $30,000 minus $300 per year of a 99-year lease would leave $26,970 if the house were sold in 10 years. The buyer will have to pay $48,861 for the remaining 89 years. If we presume inflation of 5% and a discount rate of 10% the land trust would then divide the difference ($48,861 minus $26,970) between the seller, Metro and itself on a 60-20-20- basis. This would compensate the seller marginally for the erosion of the normal value of his capitalized lease while increasing the actual lease amount paid to Metro as partial compensation for the loss of 1881 to 1991 rental income. (See Table 2)

It also provides the land trust with an ongoing management fee for these transactions. Up until the time this division (60-20-20) actually meets their management costs, the land trust may have to charge the seller directly for the difference.

This formula would be maintained for the duration of the 99-year lease. If the average house sold just four times during that period at an average gain to Metro of $4,200 in 1991 dollars, the total income to Metro for the 270 houses would be $4,536,000.

SENIORS

Low income seniors who have owned a home on the Island since 1974, would be eligible for a 25% discount on the lease price. Community members and many politicians I spoke with encouraged me to find some way of assisting these early community builders to remain. For many of them the idea of being forced to surrender their individual ownership to the co-operative is very difficult.

The 25% discount would be deferred income for Metro. Once the senior ceased to own the house, either his or her heirs or the purchaser of the house would have to pay that amount ($7,500 on Ward's) in 1991 dollars to Metro through the land trust. The seller would receive the lease depreciation formula mentioned above based on the discounted lease price ($23,500 on Ward's). (See Table 3)

HOME PRICES AND THE RE-SALE FORMULA

In recent years, Island homes have come under a "grey market"; neither an illegal black market nor a regular real estate market. Even though the courts have ruled that under existing legislation Metro owns the land and the structures, the guarantee of tenure until 2005, has permitted people to sell their "occupancy right" to new owners. The value has jumped sharply in the past two years to about $140,000 for a renovated house. The value is based on the security of tenure and on land based or location based values, as well as on the value of the structure.

This plan proposes to eliminate the land value from the evaluation of the homes by an appraisal of the structure done by the land trust at the time of sale. This presumes that all houses will be brought up to standard within three years and that the appraisals will implicitly work in costs of inflation, as they generally do. (Owners will be able to recover 100% of these costs.)

The proposal attempts to guarantee the equity in the structure and to reward longevity of tenure. However, separating the valuation of these homes from the regular market on the mainland, means removing the major capital gain capacity of home ownership, which is a basic economic tool of other home owners. For higher income owners who are less concerned by monthly carrying costs, the proposal is particularly unattractive. Several islanders in this category feel they will be forced to sell in order to move into the market where they can maximize this capital gain potential.

As the non-profit rationale is crucial to the general acceptance of this model, providing a market related option for the more affluent members of the community would jeopardize the viability of the rest of the plan. However. the low carrying cost and guaranteed equity aspects of the approach would allow those people without a cash flow problem to invest in other capital gain investments to protect their income status.

If one presumes an appraisal value of the houses at about $70,000 to $80,000 today, (this is in the range of recently reported insurers' replacement appraisals), we can then project how the guaranteed equity and longevity bonus would work.

A house on the Island at $75,000 is about 31.5% of the $238,000 price of the average house on the mainland.

An owner who sells in 10 years a house valued today at $75,000 would receive inflation (perhaps 5%) plus a bonus of 1.5% for each year of tenure, totally about $138,197

During the past 25 years, homes in Toronto have been selling at 4% above inflation. If that trend continues, an Island house in 10 years' time will be worth 24.5% of the average mainland house. Even if the mainland spread drops to 3% or even 2%, the gap between the Island and mainland prices will continue to grow. Island houses will continue to be of great value and in demand and Islanders will be at a net disadvantage if we judge only property value to property value should they try to re-enter the market.

I present this as a just trade-off and believe that the Islanders who would be truly hurt by the establishment of this approach, should they sell now, are the recent buyers in this "grey market". However, they should have known how ambiguous in law the present market was, and is, and that they were taking a great risk in accepting its values. The community, through the land trust, can decide to what degree they wish to financially assist this group. Depending on its economies, the co-op may also be able to provide assistance. There are about 10 to 12 homes in this category. Owners have prepared a couple of models for partial protection of their actual costs above and beyond the new valuation. In the light of the land trust's financial

limitations, it would be wise for the land trust not to extend assistance to people who might buy at these "grey market" rates between the filing of this report and the finalization of the land trust, even if the province does not prohibit or control these sales.

PROVINCIAL MORTGAGE GUARANTEE

The provincial government, through the powers of the Minister of Municipal Affairs or the Treasurer, should provide mortgage guarantees for these initial financial transactions. The province could guarantee the lease amount and the renovation costs to bring homes up to standard in order to ease access to private mortgage funds. The province need have no fear of default. Firstly, the formula guarantees the value of the house will rise quickly enough to protect the investment. Secondly, there will be long waiting lists for resale with buyers who will be willing to assume the default costs on top of the resale formula.

The legal responsibilities of the land trust to protect the province's guarantor interests could be placed in the legislation or in the corporate charter.

THE 99-YEAR LEASE - Security of Tenure

A long-term solution will remove the Island homes issues as a political football. Although the 1990s' view of this government is that houses and park can mix for mutual benefit, it was not the presumption in the 1950s and we cannot presume it will be the case in the middle of the next century. If the approach to parks has changed dramatically at that time, the legislature and local governments will be obliged to reopen the issue through legislative amendment as is appropriate.

Other factors which could prompt a re-visitation of the legislation might include a protracted depression that makes the guaranteed equity formula too generous or new governmental methods of financing public land developments which could make this plan anachronistic.

Whatever the unforseen root of change, it is preferable to require the governments of the time to make the necessary legislative changes rather than to presume that this capitalization requires review after an arbitrarily determined period of time.

THE FERRY DEFICIT

The accumulated ferry deficit recorded by Metro Parks since 1981, is more than $20,000,000.

In 1990, the year-long ferry deficit was $4,410,346.

Bill 191 (1981 Island Bill) requires the City to pay Metro

> "annually, unit amounts for expenditures made, including capital costs, or deficits incurred by the Metropolitan Corporation ... with respect to provision of municipal services including buses, ferry and sewer service, ... having regard to the degree to which such expenditures or deficits are attributable to the use of lands and structures referred to". **(read Island Community)**

The City has presumed for some time that it should pass on this cost to the Island community. During the past decade, it has assessed that portion of responsibility to be about $1 million or 5% of the overall deficit.

Gordon Atlin, Q.C., in bringing down his arbitration award on the value of land rents in 1985, said,

> "In many areas of the City and suburbs, there are transportation deficits and in no area that I know of is the user required to make up that deficit".

In fact, one can see why most Islanders consider the City's ferry bill to be a community harassment rather than a legitimate community transit liability. Most of us living on the mainland can decide whether or not to use "the better way", but the ferry ride is essentially the only access an Islander has to the City. In addition, this largely car-less community must then purchase TTC fares on top of the ferry fee of $2.50 per return trip.

One can argue that a largely seasonal and unofficial community might be assessed reasonable costs, but since 1981, the community's legitimacy has been legislated and it should not have been assessed a special transit cost.

In fact, if one considers the inconvenience of the winter schedule, they might have even merited a break on the rates. For example, if you miss the 8:45 a.m. ferry, the next one doesn't come until 10:45 a.m. Even in the peak season, if you miss the 11:15 p.m. "curfew ferry" from the mainland any day of the week, you had better have a place to sleep city-side. Neither are Islanders given off-setting credit for their enhancement of revenues in the high season, especially on those rainy summer weekdays when they make up a substantial proportion of the passengers.

The deficit levy is also discriminatory because other users such as the Toronto School Board, the yacht club and marinas, the fire department, or the Montessori school are not assigned a portion of the debt for their off-season use.

A final argument against the levy is that Islanders should not be picking up the cost of the mainland citizen's right to visit this 612-acre resource at any point in the year.

The City should request the termination of the billing by Metro and Metro should not directly assign any of its debt to the Islanders either. Bill 191's clarity on this issue prevents me from suggesting that the province demand that Metro return to the City what it has paid them for the deficit. However, the points I have made above argue against the levy to the City. The City should ask for repayment.

If one considers that the assigned per annum debt is about 100,000 and if, one presumes that following the acceptance of this report the community might grow to more than 900 residents from the existing 650, one can project the island community actively helping to reduce the ferry deficit. Just 150 new passengers per day at 350 days per year would produce an additional $131,250 at no additional cost.

It should be remembered that it was in the 1940s when several thousand people lived on the Island that ferry ridership was at its peak; 2,606,542 in 1944 as compared with 1,232,828 in 1990. Any new uses for the park that extend the season and are less weather determined than traditional park use are bound to increase the efficiency of the service.

Metro and the TTC should consider a special Metro pass, more expensive than the regular $56 Metro pass, to encourage regular users of the Island to use both public transit systems.

TENANTS

Although this plan will assist tenants to join the co-operative should they so choose, there are a number of other tenant issues which need to be clarified.

A tenant who wishes to enter the co-op should not be removed from his or her home should the owner wish to re-occupy until such time as the co-op residence is ready. In the time the establishment of this plan and the date upon which the move to this co-op can be realized, a fair rent based on the value of the house should be paid to the owner.

It should be noted that no clear landlord-tenant arrangement exists between "home owners" and tenants. It is more like that of a tenant and sub-letting tenant because Metro currently owns both the land and the structure. In some 10 to 15 cases, the relationship is in dispute.

If landlord-tenant relationships evolve in the future, they should be covered by **The Landlord and Tenant Act**.

DISPUTE RESOLUTION

A number of disputes are sure to arise which will need a clear-cut process for resolving them. There will be disputes as to who is the bona fide owner of a property. Later, there may be disputes concerning who is the legitimate heir and about the justice of appraisals done by the land trust. It is understood that certain conflicts will have to be resolved in the normal judicial fora.

The dispute resolution mechanisms and processes should be designed this summer while elaborating the powers and responsibilities of the land trust. I have little doubt that no matter what informal mechanisms are developed on the matter of whose case for ownership is better in the dozen or so long-standing disputes, arbitration will be required.

An arbitrator called in to resolve such a conflict should deal with the documentation or paper trail, of course, but must also be free to determine who has taken on the responsibilities of ownership, especially since 1981, by paying taxes, undertaking major repairs etc. If in weighing these matters an arbitrator were to find for the non-resident owner over the tenant, he or she should also be able to award some equity value for a tenant's efforts that are considered over and above normal incidental repairs or the expectations of any written agreement. Payment of

such an amount could be made by the owner to the tenant upon the tenant's leaving the house. It might also be the case that the arbitrator would rule that such efforts when weighed against years of inactivity by the non-resident claimant might be sufficient to award ownership to the resident. Some compensation to the non-resident might apply in such cases.

LOT BOUNDARIES

Ward's Island "footprints" have never been officially registered as lots and bear little relationship to the actual use of space in 1991. I would therefore recommend that Metro establish new boundaries based on today's realities, in co-operation with the community before the new legislation is enacted.

Algonquin Island being an infill creation has a registered plan.

THE TORONTO ISLAND SCHOOL

The Toronto Board of Education has approved the money to rebuild the school which houses the community school and the natural science school. Board officials were rebuffed by Metro Parks Commissioner Robert Bundy when they presented him with the plans. He was willing to countenance a rebuilding of the natural science facility but not of the community school.

The fact is, the building is in dire need of replacement. It is charmingly seedy and like an Island house, each room seems to have three or four different uses. For years the community school has ranged from 50% to 60% Island students with the remainder from the mainland catchment area and beyond.(In 1991, there were 91 Island and 70 City students.)

The natural science school plays host annually to 3,000 grade five and sixers from all over Toronto for their week-long stay. There are 72 students plus staff and six student teachers each week for ten months, with day visits on Thursdays. Previous students return on Thursday day visits.

The school provides day care facilities for 18. All grade 7s help in the day care as part of their family studies.

A parent resource centre has been operating for six years with up to 18 parents and care-givers, primarily from the Island participating at any one time. In addition, there exists an excellent relationship with the Montessori School.

Students visit the farm and apiary and the natural science students study the community as well as the natural habitats of other Island inhabitants. In fact it is the perfect example of how park and community can not only co-exist but also enhance each other.

Unless the proposed size of the community will have a greater impact than school staff and parents believed during our conversations, the building approval should be expedited for the proposed school just to the west of the present site so that the present school need not be abandoned during construction. It is so like the Islanders that they should want it to stay at Hanlan's Point preserving the initial 1905 structure around which the present structure has grown.

The mini construction boom on the Island of which the school will be a significant part, will be a welcome relief to many unemployed construction workers and trades people.

THE FIRE HALL

The existing fire hall which was moved from Centre Island in 1963, has fire-fighting responsibilities for the entire Island, including a role at the airport. Plans for a new hall are very advanced. These plans are based on tearing down the existing building on Ward's Island, just east of the bridge to Algonquin and building a new and larger building on approximately the same site.

Knowing that this report would recommend a larger community in total and a housing co-operative to the west of the present hall, I wrote the City to advise them that my plans might have a major impact on them.

The area around the present fire hall should be developed as a service centre for the community and mainland groups. The existing fire hall building is an appropriate centre piece for that development, a building of historic importance to the community and a symbol of the turn around in provincial government thinking about the Island.

Unless it would have a negative impact on a fire-fighting strategy for the Island, the new building would be well situated just to the west of the co-op development area.

YEAR-ROUND COMMUNITY

If the government is to support a non-profit community, it must be assured that the community stays a year-round community and does not revert to being largely a summer enclave. Many of the recommendations set out in this report will help, but it might be necessary to add specific legislative language or particular responsibilities to the land trust.

Islanders are divided over the best way to accomplish this goal, which is widely shared by the community. Beginning with the Perlin-West document, TIRA has proposed an occupancy requirement of 270 days out of 365 (Seniors excepted). The impossibility of enforcing this option is its greatest drawback.

Others have suggested that the legislation or the lease require the Island home to be the principal residence of the owner. This approach would have the added effect of limiting an owner to one property on the Island, a goal that everyone I have spoken with wants ensconced one way or another.

In effect having the Island residence as the principal residence would stop Islanders from making their major capital gain on shore while still benefiting from the equity guarantee on the Island. Some Islanders have said that this is too harsh, while others believe it equalizes the economics of Island homes.

Many Islanders believe that only by going the "occupancy" route can the tradition of tenants evolving into Island owners continue and be a reality. While this may be true, tenants will continue to move in when people are away on vacation, studies, sabbaticals etc. A tenant class in the community will continue to exist and other ways may be found to assist tenants in gaining access to the housing stock.

While I am inclined to prefer the "principal" residence route, as were most local politicians with whom I raised this issue, I am not prepared to rule out the possibility of finding a better solution. The Minister of Municipal Affairs should therefore continue to pursue creative approaches to this challenge until the legislation is drafted.

SERVICES

While this plan anticipates the community assuming service responsibilities through the land trust that regular neighbourhoods do not, no actual reductions in existing services by local government can be permitted to occur. This community will be paying taxes and expecting at least the present standard of services in return. By assuming some responsibilities, (e.g. garbage collection) they might actually build a credit with the City or Metro for some other service.

Safe access to the Island when there is inclement weather or ice in the bay has become a major cause of concern in recent years. Usually, buses have been used to transport people across the Island airport lands. Transport Canada no longer considers this to be safe and has refused to permit buses to be escorted across the runways in future. With freeze-ups sometimes lasting a week or more, this decision could be more than an inconvenience.

The ferry, "Ongiara", is the only one capable of limited icebreaking and it is no longer dependable. It is clearly time for Metro and the province to find ways of ensuring safe, all-weather access to the Island. A new icebreaking ferry is one way to meet the challenge. However, with the time limits of the mandate, it has not been possible to determine if this is the only or most economical solution. Discussions between provincial and municipal staff should begin as soon as possible.

DEFINITION OF FAMILY

It is most important to the Islanders to return the right to bequeath their home to spouses, significant others or other heirs. I concur with islanders that these be safeguarded even for those present Islanders who sell to the co-op. I also recommend that same sex spouses be recognized and that for the single adult home owner, a right to name an heir by last testament be recognized. The government should look at means of foiling under the table deals and key money exchanges by establishing a two or three-year time period between the testament entry and the sale of the house.

In cases where groups of singles cohabit without spousal relationship as defined above or within regular family law, the occupants will be responsible for registering contractual arrangements with the land trust for their approval well in advance of sale in a manner established by the trust's charter.

TORONTO ISLAND PARK

It is time for Metro to review its stewardship of the Toronto islands. There are fewer people visiting the parks than in the 1960s, let alone in the 1940s, in spite of an enormous growth in the metropolitan population. The bulk of the use is committed to the summer months with a heavy emphasis on weekend use. Almost everyone who visits goes to Centre and Olympic Islands with only a few proceeding to Hanlan's Point or to the other hundreds of acres of park.

Certain other uses extend the season, such as the hardy October and April sailor of the various yacht clubs and the school and natural science school which provide access for thousands of city children all year-long.

However, very little has been done to extend off-season usage. Metro Council should seriously consider establishing a committee of citizens, community service representatives, Islanders, councillors and staff to look at improving usage. The first priority should be to extend the seasonal use; the second should be to seek out year-long uses.

These are just a few of the ideas that have been raised with me or by me over the last few weeks.

a) A natural science metropolitan library attached to the natural science school could become the cornerstone for an ecological centre" and great resource for bird watchers and other naturalists.

b) The Centreville Farm, "Far Enough", if developed appropriately, perhaps with a stay-over feature like the natural science school dorms, could be used to teach inner City kids about farm life and economics. It might need to be moved or to have aspects of its operations in other locations.

c) The Island could become the home for a number of specialized museums, including the marine museum, a Ned Hanlan Museum and an Island history museum. The marine museum, along with other historical resources, are currently under review. I was shocked to learn that it has only a 13,000 to 15,000 attendance per year outside of the CNE free entry period when its numbers swell to over 50,000. Attendance would be bound to rise in the more appropriate surroundings of the present Island park, let alone one with several museums.

d) Bed and breakfast locations perhaps replicating old Centre Island and Hanlan structures might be attractive get away locations. They could be incorporated with a small conference centre for in-service training of local government, agency, and small business staff. The centre could have day only and overnight programs, an attractive alternative to shipping everybody out of town for retreats.

Something would have to be done to promote these uses; a "build it and they will come" mentality will not suffice. A new ferry terminal that eliminates the cattle pen ambience of the present structure would be an important part of the plan.

Ward's Island will continue to be the prime off-season gateway to the park, and if co-operation with the community instead of confrontation can become the watchword, many small changes could be made to make off-season use more comfortable.

Especially important is the need for Metro to review its idea of what this park should be. If it sticks to a recreational use defined by picnic tables, grass and flowers, I believe the under utilization will continue and management deficits for ferries, etc. will continue to increase.

If, on the other hand, the community is seen to be a positive support to the park, then a range of other non-conforming but interesting uses for park and land trust space become possible. I can think of no more serene setting than the Island community for a shelter for battered women or a group home for developmentally handicapped adults. The construction of artists and artisan studios open to the public would be another interesting resource either within or adjacent to the community.

Not every park need be developed in this way but one with some existing non-conforming uses, an established community of colourful history and with vast acres of under used space, in season as well as out, cries out for some creative re-thinking.

WHAT NEXT ?

If the government approves this course of action, I would hope it could do so by early June. For the economics of the package to stay meaningful, the legislation should be passed by December 1991, or the elements of **Bill 191** placed in limbo until such time as it has passed the legislature. The second suggestion may only be possible with the acquiescence of local government and the Islanders.

In the meantime, the Cabinet should approve an Order-in-Council to approve the two grants one of up to $40,000 to develop the land trust and one for $16,000 to pay an advisor who will counsel individual Islanders as to how to choose between housing options (a 3 to 4 month contract would be sufficient). The land trust development grant would pay for legal fees, land trust consultants from other jurisdictions, and staff time to assist in discussions with Metro and the City when delineating the present scope and future potential of the trust.

Building permits for conforming uses should be facilitated at the earliest opportunity. The school construction needs to be set on track soon and the co-op needs to begin its plans for construction in 1992.

I can practically guarantee the government that should it approve this package, it will still have a hard battle to see it realized. It is not a large issue by provincial standards and is irrelevant or annoying to many members from outside Toronto. It has defied solution before and may again now. However, with the local political table set for more confrontation in the future should this initiative be abandoned, I hope the province will stay true to the course it established and the expectations it aroused by appointing me, and that it will see the job done.

Respectfully submitted,

Richard F. Johnston,
Special Advisor to the
Minister of Municipal Affairs
On the Toronto Islands

May 13, 1991

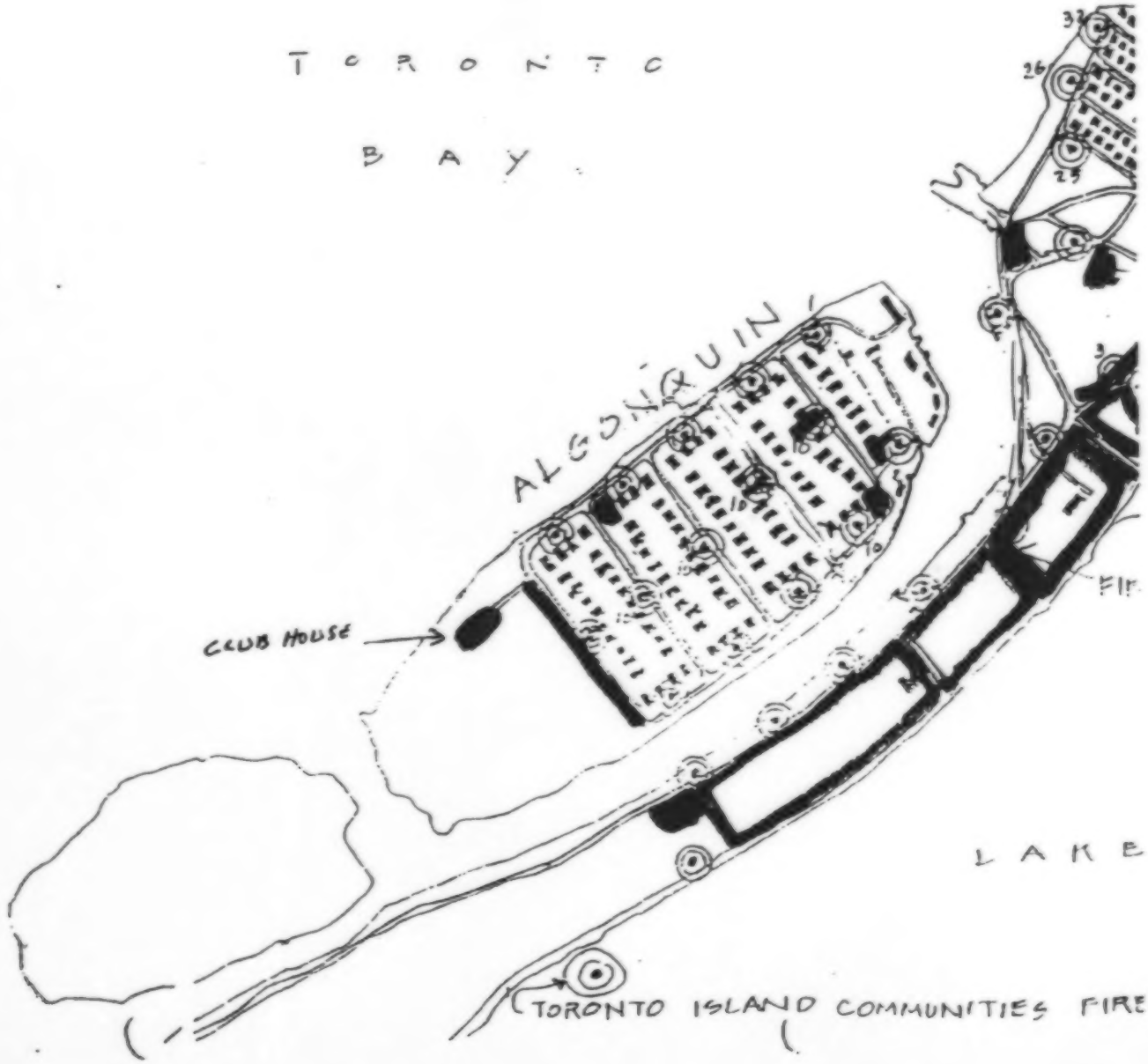

TORONTO
BAY
ALGONQUIN
CLUB HOUSE
LAKE
TORONTO ISLAND COMMUNITIES FIRE
31
26
25

TABLE 1

Year	Replacement cost of structure [1]	Bonus [2]	Total to seller current $	Total to seller constant $	Real estate appreciation in Toronto of a property with similar value [3]
0	$75,000	$0	$75,000	$75,000	$75,000
1	$78,750	$1,125	$79,875	$76,071	$81,750
2	$82,688	$2,340	$85,028	$77,122	$89,108
3	$86,822	$3,651	$90,473	$78,154	$97,127
5	$95,721	$6,582	$102,303	$80,157	$115,397
10	$122,167	$16,030	$138,197	$84,841	$177,552
20	$198,997	$47,654	$246,651	$92,960	$420,331
50	$860,055	$398,447	$1,258,502	$109,746	$5,576,814

Assumptions:

[1] Replacement cost escalates annually at the rate of inflation (assumed 5% per year).

[2] Bonus is equal to 1.5% of prior year's total value to seller (where total value to seller is equal to replacement cost plus prior year's bonus), plus 1.015 times the cumulative bonus.

[3] Annual real estate appreciation continues at 4% above the annual rate of inflation.

TABLE 2

Ward's Island

Year	Lease price for buyer (current $) [1]	Book value of lease [2]	60% of difference [3]	Total to seller (current $)	Total to seller (constant $) [4]	Respective Bonus to Metro and the Land Trust (current $)	Respective Bonus to Metro and the Land Trust (constant $) [5]
0	$30,000	$30,000	$0	$30,000	$30,000	$0	$0
1	$31,500	$29,697	$1,082	$30,779	$29,313	$361	$343
5	$38,287	$28,485	$5,881	$34,366	$26,927	$1,960	$1,536
10	$48,861	$26,970	$13,135	$40,104	$24,621	$4,378	$2,688
20	$79,563	$23,939	$33,374	$57,313	$21,601	$11,125	$4,193
50	$340,826	$14,848	$195,586	$210,435	$18,351	$65,195	$5,685
98	$325,323	$303	$195,012	$195,315	$1,638	$65,004	$545

Algonquin Island

Year	Lease price for buyer (current $) [6]	Book value of lease [7]	60% of difference [3]	Total to seller (current $)	Total to seller (constant $) [4]	Respective Bonus to Metro and the Land Trust (current $)	Respective Bonus to Metro and the Land Trust (constant $) [5]
0	$40,000	$40,000	$0	$40,000	$40,000	$0	$0
1	$42,000	$39,596	$1,442	$41,038	$39,084	$481	$458
5	$51,049	$37,980	$7,841	$45,821	$35,902	$2,614	$2,048
10	$65,147	$35,960	$17,513	$53,472	$32,827	$5,838	$3,584
20	$106,083	$31,919	$44,499	$76,418	$28,801	$14,833	$5,590
50	$454,434	$19,798	$260,782	$280,580	$24,468	$86,927	$7,580
98	$433,764	$404	$260,016	$260,420	$2,183	$86,672	$727

TABLE 3

Ward's Island

Year	Lease price for buyer (current $) [1]	Book Value of standard lease [2]	Lease price for senior (current $) [8]	Book value of lease for senior [9]	60% of difference on discounted values [3]	Total to seller (current $) [4]	Total to seller (constant $) [4]	Bonus to Metro (current $) [12]	Bonus to Metro (constant $) [12]
0	$30,000	$30,000	$22,500	$22,500	$0	$22,500	$22,500	$7,500	$7,500
1	$31,500	$29,697	$23,625	$22,273	$811	$23,084	$21,985	$8,145	$7,757
2	$33,074	$29,394	$24,806	$22,045	$1,656	$23,702	$21,498	$8,821	$8,001
3	$34,728	$29,091	$26,046	$21,818	$2,537	$24,355	$21,039	$9,527	$8,230
4	$36,464	$28,788	$27,348	$21,591	$3,454	$25,045	$20,605	$10,267	$8,447
5	$38,287	$28,485	$28,715	$21,364	$4,411	$25,774	$20,195	$11,042	$8,652
10	$48,861	$26,970	$36,645	$20,227	$9,851	$30,078	$18,465	$15,499	$9,515
20	$79,563	$23,939	$59,672	$17,955	$25,030	$42,985	$16,201	$28,234	$10,641
25	$101,511	$22,424	$76,133	$16,818	$35,589	$52,407	$15,476	$37,241	$10,997

Algonquin Island

Year	Lease price for buyer (current $) [6]	Book value of standard lease [7]	Lease price for senior (current $) [10]	Book value of lease for senior [11]	60% of difference on discounted values [3]	Total to seller (current $) [4]	Total to seller (constant $) [4]	Bonus to Metro (current $) [12]	Bonus to Metro (constant $) [12]
0	$40,000	$40,000	$30,000	$30,000	$0	$30,000	$30,000	$10,000	$10,000
1	$42,000	$39,596	$31,500	$29,697	$1,082	$30,779	$29,313	$10,860	$10,343
2	$44,099	$39,192	$33,074	$29,394	$2,208	$31,602	$28,664	$11,761	$10,667
3	$46,304	$38,788	$34,728	$29,091	$3,382	$32,473	$28,051	$12,703	$10,974
4	$48,618	$38,384	$36,464	$28,788	$4,606	$33,393	$27,473	$13,690	$11,263
5	$51,049	$37,980	$38,287	$28,485	$5,881	$34,366	$26,927	$14,723	$11,535
10	$65,147	$35,960	$48,861	$26,970	$13,135	$40,104	$24,621	$20,665	$12,687
20	$106,083	$31,919	$79,563	$23,939	$33,374	$57,313	$21,601	$37,645	$14,188
25	$135,348	$29,899	$101,511	$22,424	$47,452	$69,876	$20,635	$49,654	$14,663

Assumptions:

[1] Remaining principal value of $30,000 lease escalated annually by the rate of inflation, and using a discount rate of 10%.
(i.e., {$30,000*[.1/(1-1.1^-99)]*[1-1.1^(-99+year))/.1]}*1.05^(year).

[2] Straight-line amortization of $30,000 lease over 99 years,
(i.e., $303 per year).

[3] Sixty percent of the difference between the lease sale price for buyer and the book value of that lease for the seller.

[4] Book value of lease to seller plus sixty percent of the difference between the lease price for the buyer and the book value of that lease for the seller, in both current and constant dollars.

[5] One-half the difference between the lease price to the buyer and the total received by the seller, in both current and constant dollars.

[6] Remaining principal value of $40,000 lease escalated annually by the rate of inflation, and using a discount rate of 10%.
(i.e., {$40,000*[.1/(1-1.1^-99)]*[1-1.1^(-99+year))/.1]}*1.05^(year).

[7] Straight-line amortization of $40,000 lease over 99 years,
(i.e., $404 per year).

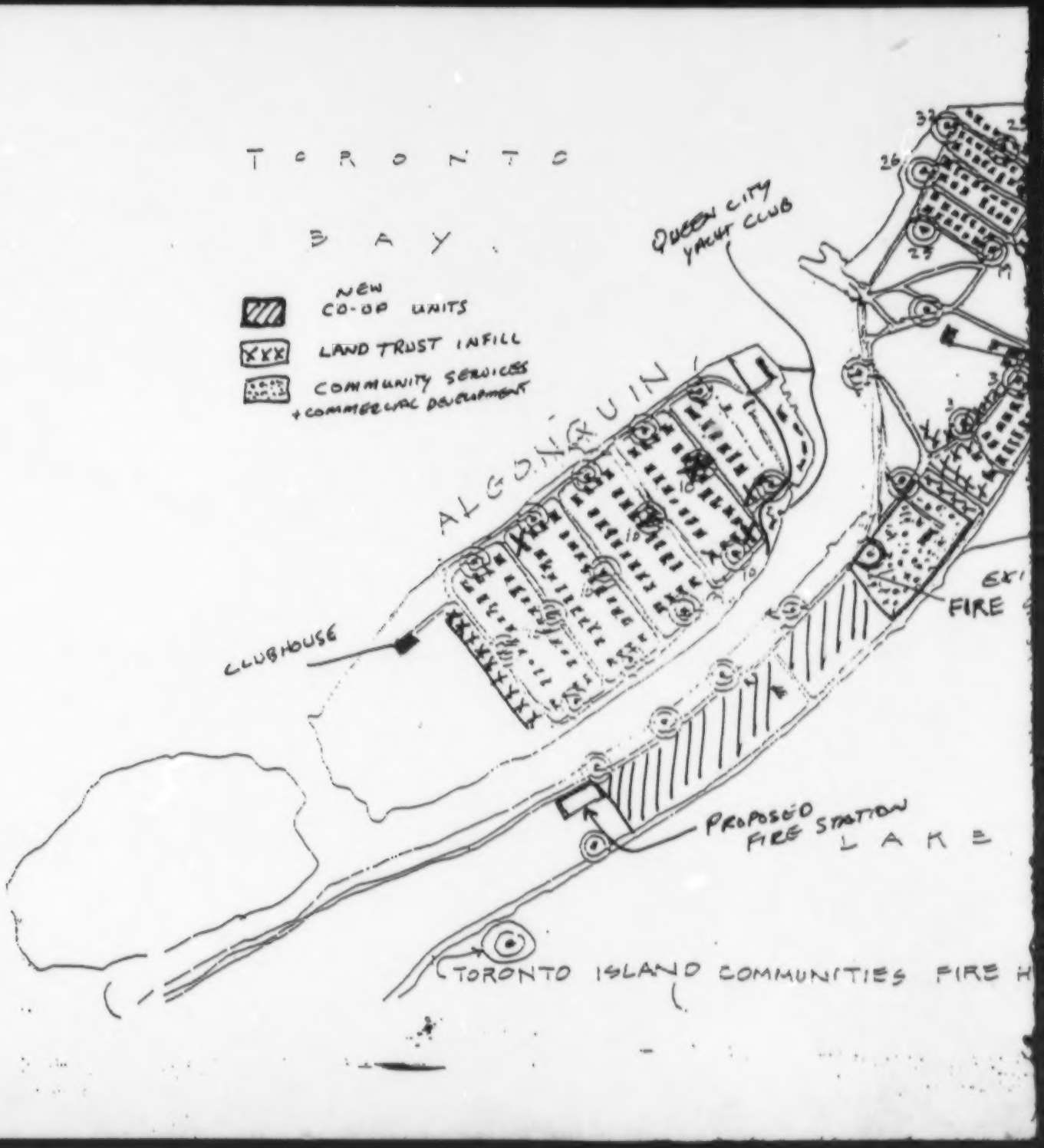
[8] Remaining principal value of a $22,500 lease (a $30,000 lease discounted by 25% for seniors), escalated by the rate of inflation, and using a discount rate of 10%, (i.e.,
{[$30,000*.75]*[.1/(1-1.1^-99)]*[1-1.1^(-99+year))/.1]}*1.05^(year).

[9] Straight-line amortization of a $22,500 lease (a $30,000 lease discounted by 25% for seniors), over 99 years, (i.e., $227 per year).

[10] Remaining principal value of a $30,000 lease (a $40,000 lease discounted by 25% for seniors), escalated by the rate of inflation, and using a discount rate of 10%,
(i.e., {[$40,000*.75]*[.1/(1-1.1^-99)]*[1-1.1^(-99+year))/.1]}*1.05^(year).

[11] Straight-line amortization of a $30,000 lease (a $40,000 lease discounted by 25% for seniors), over 99 years, (i.e., $303 per year).

[12] The difference between the lease price for the buyer of the standard lease and discounted lease, plus one-half the difference between the lease price of the discounted lease and the total received by the senior, in both current and constant dollars.


TORONTO
BAY
NEW CO-OP UNITS
LAND TRUST INFILL
COMMUNITY SERVICES + COMMERCIAL DEVELOPMENT
QUEEN CITY YACHT CLUB
ALGONQUIN
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FIRE
PROPOSED FIRE STATION
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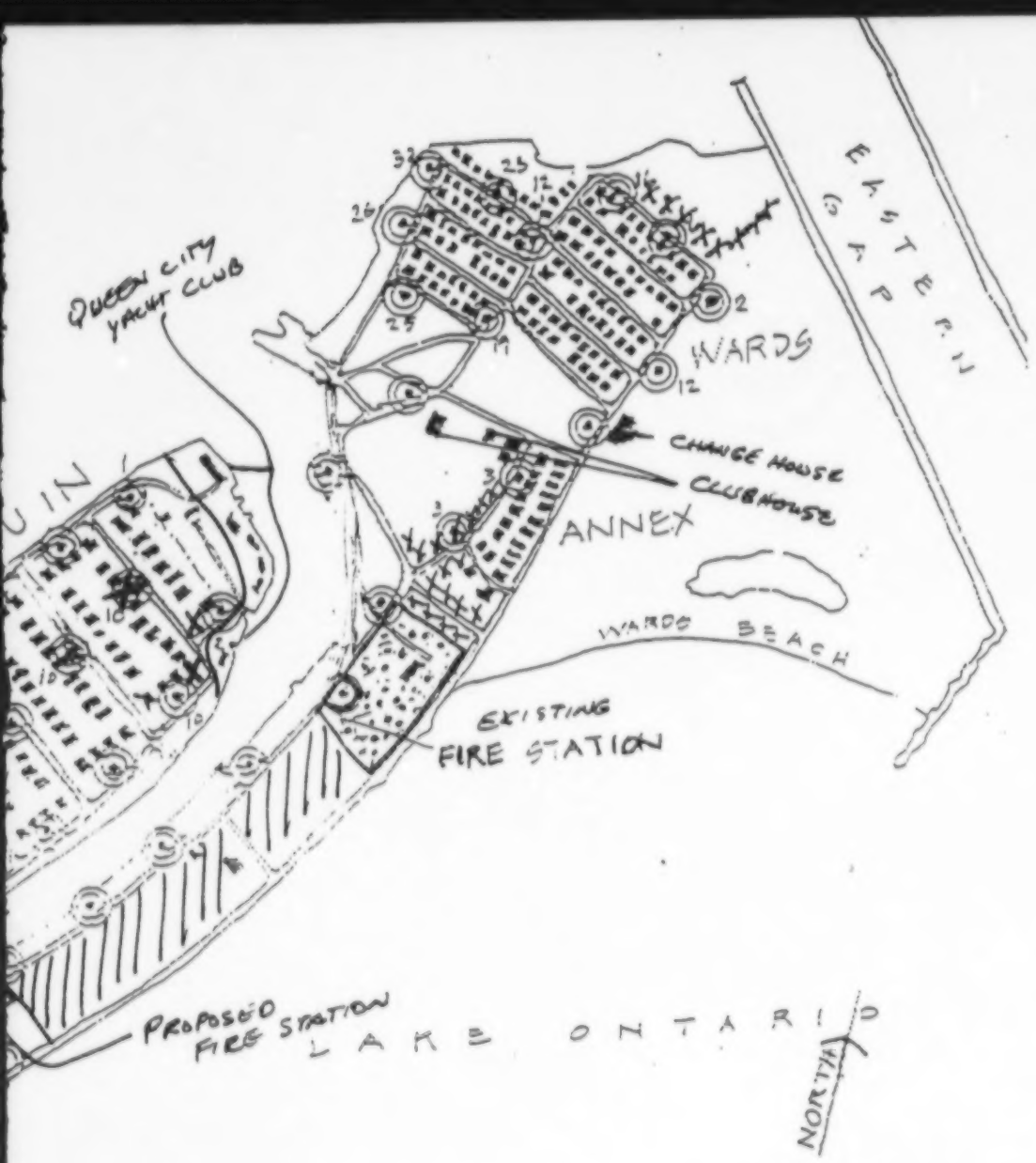
TORONTO ISLAND COMMUNITIES FIRE H



ISLAND COMMUNITIES FIRE HYDRANT LOCATIONS